

# METALWORKING INDUSTRY IN COSTA RICA AND NICARAGUA



Rodrigo Rojas

US Commercial Service Costa  
Rica

3/13/2006

# Table of Contents

- ★ COSTA RICA HIGHLIGHTS
- ★ NICARAGUA HIGHLIGHTS
- ★ METAL WORKING SECTOR IN COSTA RICA
- ★ METAL WORKING SECTOR IN NICARAGUA

# Costa Rica Highlights

- 4.2 million people
- 19,652 square miles  
(size of West Virginia)
- 95% literacy rate
- Spanish Language  
(English Widely Spoken)
- Democratic Republic
- Life Expectancy: 76 years



# Nicaragua Highlights

- Democratically elected Government
- President Enrique Bolaños - November 2001
- Constitutional government
  - Good Executive Branch
  - System of checks and balances
- Formal independent Court System



# Nicaragua Highlights

**Population:**

5.3 million

**Surface area:**

130 thousand sq. km

**Population per sq. km:**

40.7

**Population growth:**

2.6%

**Life expectancy:**

68.7 years

**GNI per capita:**

US\$ 710

**GDP:**

US\$ 4 billion





# Metalworking Sector Profile

- ✱ Metal Sector Profile – Costa Rica
- ✱ Total metal sector is comprised of 868 companies
- ✱ The metalworking segment represents 13 percent of total industrial production.
- ✱ 316 companies are engaged in metal products fabrication

# Metalworking Sector Profile

- ★ 161 companies are engaged in metal production for automobiles
- ★ 122 companies are related to machinery & equipment production
- ★ The sector employs 25,000 direct workers approximately
- ★ Five percent of the metalworking companies are considered big (100 or more employees)

# Metalworking Sector Profile

- ★ 95 percent have less than 100 workers (60 percent are micro companies – five or less employees)
- ★ According to Procomer (Export Promotion Center), the metalworking sector exported US\$173 million in 2004.
- ★ 52 percent were exported to Central American countries, 31 percent to NAFTA countries, 7 percent to South America, and 6 percent to the Caribbean



# Local Metal Production

- ✱ Common metal fabrication
- ✱ Metal products fabrication for structural use
- ✱ Metal stamping and lamination
- ✱ Hardware products fabrication
- ✱ Machinery & equipment fabrication
- ✱ Electric apparatus fabrication
- ✱ Office furniture

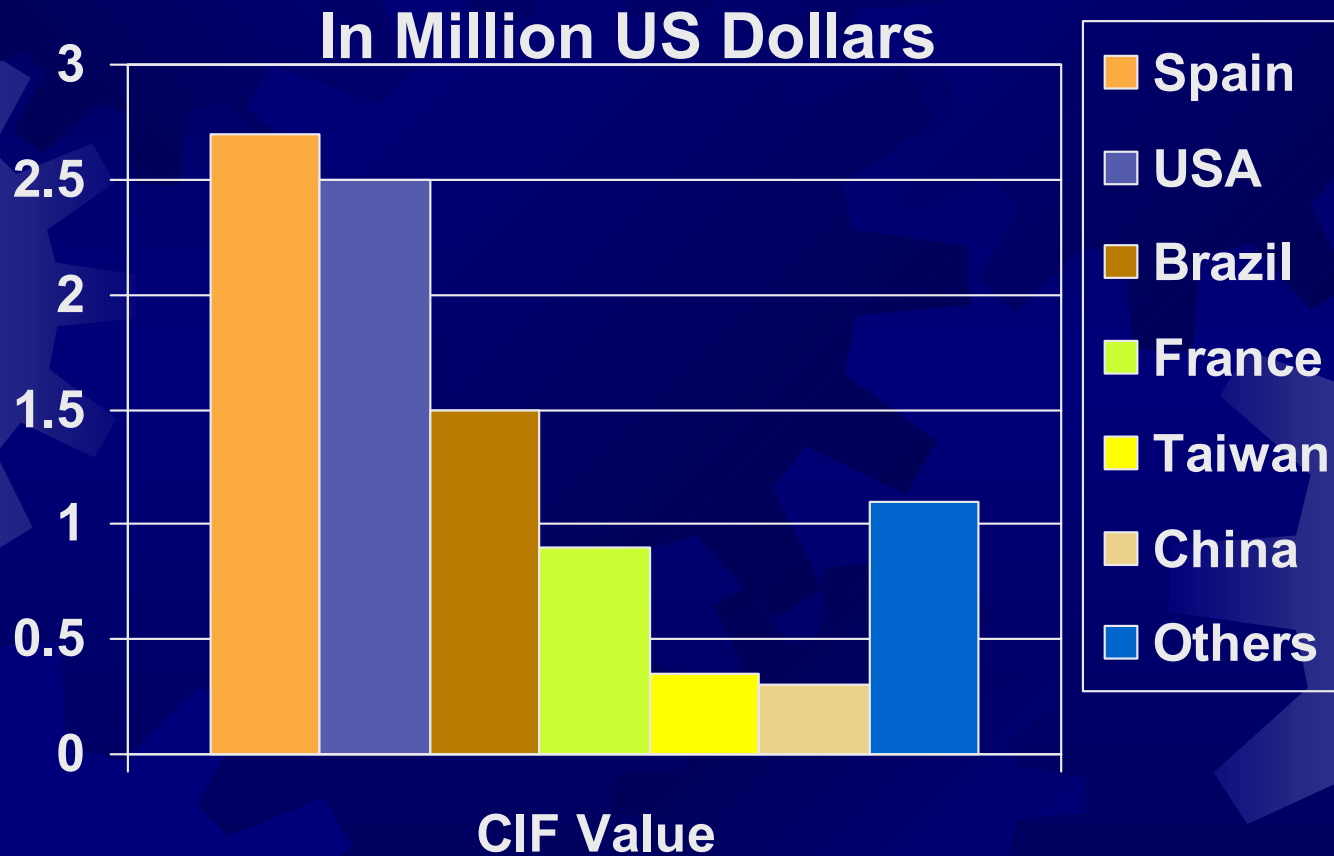
# Local Metal Production

- ✱ Metal waste recycling
- ✱ Medical instruments
- ✱ Precision Mechanic production
- ✱ Automobile parts

# Main Metalworking Exports Products

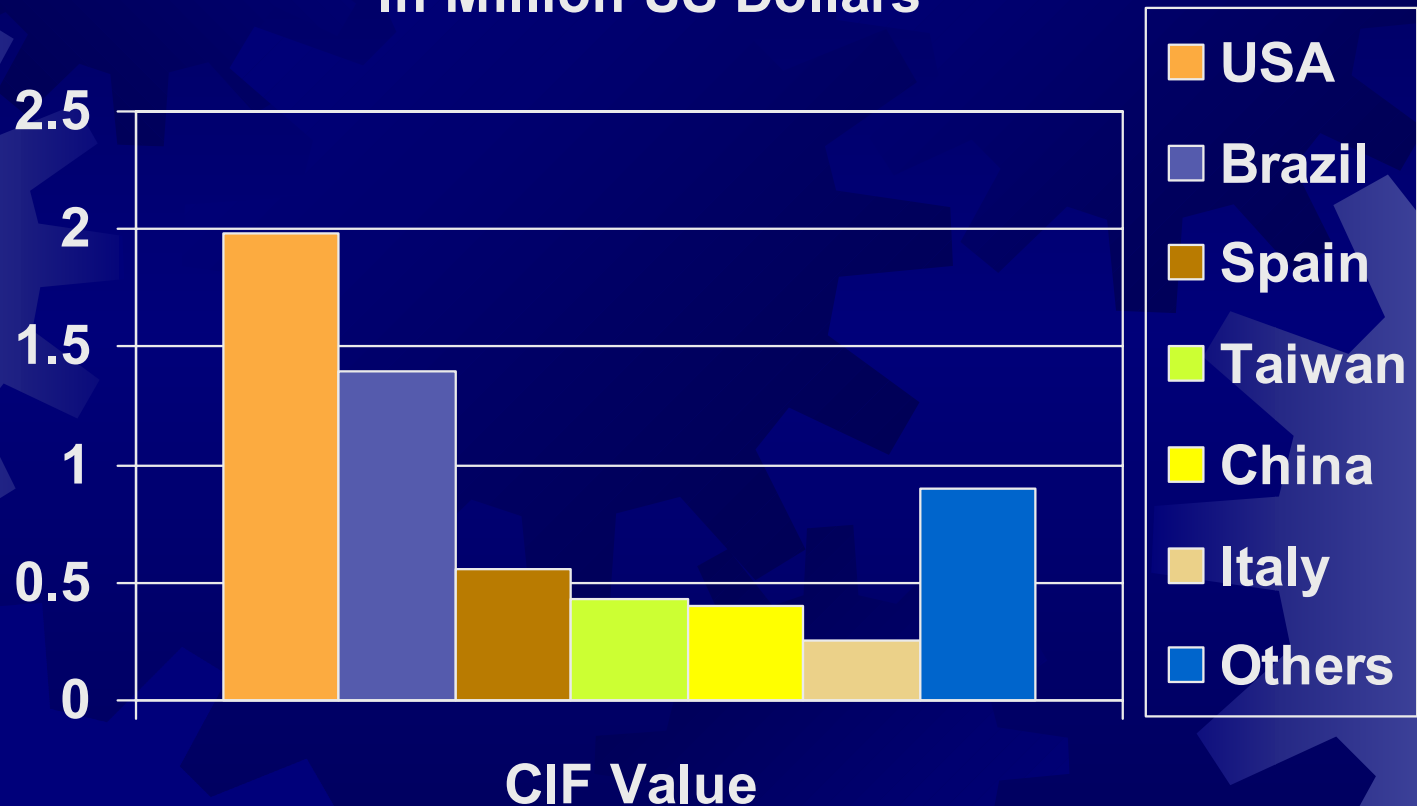
- ★ Steel/Iron laminated products
- ★ Aluminum sheets and strips
- ★ Non-Electric stoves & furnaces
- ★ Steel/Iron bars (F/construction)
- ★ Metal caps
- ★ Aluminum bars and profiles

# Metalworking Equipment Imports – Costa Rica - 2003



# Metalworking Equipment Imports – Costa Rica - 2004

In Million US Dollars





# Industrial Sector in Nicaragua

- ✱ Manufacturing Sector is the most dynamic of the country's economy
- ✱ Accounts for 58,505 jobs in 2005
- ✱ Apparel assembly is the main activity in free trade zones
- ✱ Country is trying to attract more apparel manufacturing from China

# Industrial Sector in Nicaragua

- ✱ More than 50 textile and apparel companies have established in Nicaragua (including top brands)
- ✱ Plentiful and low cost labor is an advantage to investing in apparel production
- ✱ High transportation cost is a disadvantage

# Industrial Sector in Nicaragua

- ☀ Manufacturing companies, whether located inside a free zone or as a stand-alone operation may apply for incentives under the Free Zone Law
- ☀ The law grants qualifying companies tax benefits (100% income tax exemption, 100% value added tax exemption, duty free import of machinery/equipment)

# Metalworking industry in Nicaragua

- ✱ This sector is relatively small in Nicaragua
- ✱ Imported metals amounted to \$110,666.00 in 2003 and \$151,058.00 in 2004
- ✱ No reliable data for importer metal working machinery and equipment available

# My contact info

**Rodrigo Rojas, Commercial Specialist**

**US Commercial Service Costa Rica**

**[Rodrigo.Rojas@mail.doc.gov](mailto:Rodrigo.Rojas@mail.doc.gov)**